

**Ministry of Energy**

Office of the Deputy Minister

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**Ministère de l'Énergie**

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October 30, 2012

Mr. Paul Murphy  
Chief Executive Officer  
Independent Electricity System Operator  
Station A, Box 4474  
Toronto, ON M5W 4E5

Dear Mr. Murphy:

I am writing to address the 2013 Business Plan submission and approval process concerning your organization.

I would like to begin by thanking the Independent Electricity System Operator (IESO) for the work done to date to begin preparations for the proposed merger of the IESO and the Ontario Power Authority (OPA). However, on Monday October 15, 2012, the Legislature was prorogued resulting in the termination of Bill 75, the Ontario Electricity System Operator Act, 2012 at second reading.

Given this development, I am writing to both you and Mr. Colin Andersen, separately, asking that you submit a business plan update as soon as possible for each of your organizations for fiscal year 2013 to the Minister of Energy for review. Pursuant to Section 19.1(2) of the Electricity Act, 1998, the Minister may approve the proposed business plan or refer it back to the IESO for further consideration. Once the Minister has approved the Business Plan, the IESO may submit its proposed revenues, expenditures and fees to the Ontario Energy Board for review.

Your letter dated October 1, 2012 requests that the Business Plan originally submitted by your organization relating to the 2012 fiscal year be accepted as your organization's submission for the 2013 fiscal year also. I would note that the Business Plan originally submitted by your organization relating to the 2012 fiscal year was not approved and was referred back to your organization within the time period provided for in s.19.1(3) of

the Electricity Act, 1998. For these reasons, I regret that I am not in a position to accept your request.

In preparing a Business Plan that the Minister would be prepared to accept for review, I would ask that you undertake a careful fiscal review of your organization to ensure that today's economic realities are reflected, including identifying opportunities for cost savings and efficiencies, and making compensation decisions that are consistent with the government's policy direction to the Broader Public Sector.

In order to ensure that the approvals process proceeds in an expeditious and efficient manner, I would expect that your staff communicate with Ministry staff to identify a common understanding of the submission and approvals process to be used given the unique circumstances.

Please feel free to contact Michael Reid, A/Assistant Deputy Minister, Regulatory Affairs and Strategic Policy division, should you have further questions or concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Serge Imbrogno', with a long horizontal flourish extending to the right.

Serge Imbrogno  
Deputy Minister

c: Chris Cheung, A/Chief of Staff, Ministry of Energy  
Tim O'Neill, Chair, Independent Electricity System Operator  
Michael Reid, A/Assistant Deputy Minister, Ministry of Energy